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Changing a League Structure: Marketing Implications for Rugby League Clubs in the UK

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Wednesday, November 1, 2017

3:30-3:55 PM, Wilber/Colonial

25-minute oral presentation

(including questions)

AIM

The sport of rugby league in the UK underwent a Policy Review in 2013 that saw the sport move from a licensing system which was first introduced in 2009 to restore a promotion and relegation league system to be implemented in 2015 (RFL, 2015). In its 2015-2021 strategic plan, the Rugby Football League (RFL) outlined its rationale and vision to increase the visibility and profile of the sport in the UK (RFL, 2015). The resulting 2015 season new competition format included a 12 team elite Super League, a 12 team Championship, and a new 14 team League One. The integration of all league competitions through promotion and relegation presented a particular opportunity to increase the interest and attractiveness for rugby league as a sport product in the Championship division. The aim was to explore the impact of the new league structure on the Championship clubs marketing activities to reinvigorate fan interest ahead of the 2015 season.

LITERATURE REVIEW

Rugby league as a sport has had a rich history since its formation in 1895. The desire to make rugby a more open and spectacular game was given extra impetus by events of the 1900s. In 1906 the number of players being reduced to thirteen and the introduction of an orderly play-the-ball had completed the break from the playing rules of rugby union and marked the birth of rugby league as a distinct sport with its own unique rules (Collins, 2006). From this point onwards, the game began to evolve via a series of radical and innovative structural changes and adjustments to on-field rules until it grew into the modern sport we know today.

Generally, structures and structural changes to sport leagues are dealt with in sport economic literature, mainly surrounding the profit maximisation or utility maximisation principles (Késenne, 2006; Vrooman, 2007, 2015; Grossman & Dietl, 2009). The differences – although controversial (Garcia-del-Barrio & Szymanski, 2009) – generally revolve around, but not limited to; utility maximising leagues having promotion and relegation, many substitute teams in an area, and minimal restrictions on the labour and product markets; unlike profit maximising leagues which are hematic, monopolise an area and have numerous restrictions on both product and labour markets. The distinguishing factor being Rottenberg's (1956) seminal notion of competitive balance – which leads to more uncertainty of outcome – increasing demand – resulting in higher revenue thus profits. Hence, a profit maximising league is structured to emphasise competitive balance, utility maximising is not.

Rugby League decided to adopt various profit maximising principles, such as; replacing the promotion and relegation structure with a hematic one based on a licencing system, introducing a salary cap and begin to cross-subsidise through revenue sharing (although seemingly unequal). The main reason for such drastic structural changes was financial stability, however Wilson, Plumey & Barrett (2016) demonstrated it provided little stability leading the RFL to return to a promotion and relegation structure to improve the product quality. The core product in sport is derived from sport-related factors such as the quality of the opposing teams, winning percentages, place in the standings, team history, number of star players, reputation of the team, strategies and skills (Foroughi et al 2016). These characteristics influence the marketing strategy, and the specific instruments used to attract and satisfy demand (Constantinescu, 2011).

METHODOLOGY

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A qualitative research design was employed to investigate the National Governing Body the Rugby Football League's (RFL) marketing strategy and the marketing planning activities of Championship RFL clubs. A purposive sampling technique was used, with semi-structured interviews carried out between July 2014 and January 2015 with appropriate representatives who had responsibility for marketing activity within their organization. The sample included 12 participants, comprising of 1 RFL Executive Officer, ten Championship Club representatives, and 1 League One club representative, which had been relegated from the Championship. An interview guide was developed in line with a strategic sport marketing planning framework (Shilbury et al, 2009). The interview guide facilitated the data collection of key areas including: identification of marketing opportunities, strategy determination, strategy implementation, evaluation, and the exploration of barriers and facilitators to planning activities. All interviews lasted between 35 minutes to 65 minutes and were recorded and transcribed. Transcripts were then analyzed using MAXQDA11 qualitative software package.

RESULTS/DISCUSSION

All 11 clubs welcomed the restructuring of the league as they believe promotion and relegation would reinvigorate fan interest and improve revenue distribution between the leagues. However, some clubs are dubious of the level of competitive disparity between the leagues. The historic cash flow problems were evident within this division as clubs displayed a reliance on a range of reactive and short-term marketing tactics to engage fans and increase attendances for the upcoming 2015 season. In addition, 7 out of 11 Championship League clubs did not have a formalized strategic marketing plan in place which suggests a lack of realization of the contribution that marketing in general, and strategic marketing in particular, can make to the success of their organization (Brooksbank, Garland & Werder, 2012). Primary barriers recognized as impacting a club's ability to develop and execute a coordinated strategic marketing plan were organizational structure, limited staffing resource, limited expertise and limited finance which is not uncommon in this level of sport.

IMPLICATIONS

Whilst the league structure has seen some positive results in its first two years in which attendance grew by 1% in regular Super League attendance and the 2016 Championship Super 8's shield total attendance was (+39%) up on 2015 (RFL, 2016). The sport of rugby league continues to see its share of struggles with Bradford Bulls entering into liquidation for the third time in four years (BBC News, 2016) and recent criticism that the sport of rugby league continues to face poor financial management, declining attendances and participation levels questioning whether the RFL are doing enough to make the game an attractive sport product (Wilson, Plumey & Barrett, 2016). Despite changes in league structures the findings support that greater commercial development is needed in Championship clubs to address the aforementioned barriers in the strategic marketing planning process. Due to the limited staffing resource, finance and expertise acknowledged within clubs, it is essential to develop shared expertise and resource across the sport. Without the development of shared resource there will continue to be a gap between the leagues and clubs off field performance. A more strategic approach may enable clubs to efficiently and effectively allocate marketing resources to engage supporters and generate a new fan base, especially within the restructured league format.

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